



*United States Senate*  
**Committee on Small Business  
and Entrepreneurship**

*Olympia J. Snowe, Chair*

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**SNOWE, TALENT, BOND INTRODUCE BILL TO CREATE VENTURE CAPITAL  
PROGRAM FOR SMALL BUSINESSES**

WASHINGTON, D.C. - Senator Olympia J. Snowe (R-ME), Senator Jim Talent (R-MO), and Senator Kit Bond (R-MO) today announced the introduction of the "Small Business Investment and Growth Act of 2005" (S.1923), which creates a new venture capital program within the Small Business Investment Company (SBIC) program administered by the Small Business Administration (SBA) that will stimulate equity investment in America's small businesses and create jobs.

"Small businesses employ more than half of the total private-sector workforce, and are responsible for the creation of more than two-thirds of all new jobs. Clearly, increasing investment in small businesses is crucial to our on-going economic success," said Senator Snowe, the Chair of the Senate Committee on Small Business and Entrepreneurship. "This legislation will ensure that our entrepreneurs have access to venture capital and credit markets so they can continue to drive America's economic growth and job creation."

"I'm a big believer that small business is the avenue of opportunity for people of all backgrounds and socio-economic status," said Senator Jim Talent, the former Chairman of the House Small Business Committee. "The SBIC program in particular is one of the most important small business initiatives created by the Congress. It has helped entrepreneurs in Missouri and across the country achieve their dream of owning their own business. With this legislation, we are seeking to enhance the program so that more people can access the tools needed to start their own business."

"The SBIC program serves a dual purpose," said Senator Bond, the former Chairman of the Senate Committee on Small Business. "It creates investment opportunities and provides access to capital to help small businesses expand and grow. It makes sense to take a program that is already successful and strengthen it. This is exactly what the small business community needs."

Senator Snowe noted that recent studies have shown the SBIC program provides essential equity capital to small businesses that would not otherwise be able to obtain financing on equivalent terms. For example, SBIC investments support under-served industries, such as manufacturing, and under-served regions, such as rural areas.

The Small Business Investment and Growth Act of 2005 creates a new sub-program within the SBA's Small Business Investment Company program, which is vital to fostering innovation, growth, and job creation in small businesses. The SBIC program has provided over

\$17.2 billion in financing to small businesses since the beginning of Fiscal Year 1999. SBICs are privately-owned and managed venture capital investment companies that are licensed and regulated by the SBA. SBICs use their own capital, combined with funds borrowed from other private investors and supported by an SBA guarantee, to make equity and debt investments in qualifying small businesses. The SBA shares in the profits of SBICs. The structure of the program is unique and has been a model for similar public-private partnerships around the world.

The bill improves the SBA's financial position in the following ways:

- \* The SBA will receive a greater share of the profits of SBICs.
- \* The SBA's authority to declare that an SBIC has defaulted on its repayment obligations will be more clearly established.
- \* The program will comply fully with the Federal Credit Reform Act of 1990, which governs Federal credit programs.

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